Chapter 10 Quiz

1. Price is defined as:
   1. Goods and services
   2. The assignment of value.
   3. Digital currency
   4. The percentage of a market
2. Which of the following have the 6 steps in elements of price planning in the correct order?
   1. Set pricing objectives, estimate demand, determine cost, examine the pricing environment, choose a pricing strategy, develop pricing tactics
   2. Estimate demand, determine cost, set pricing objectives, examine the pricing environment, develop pricing tactics, choose a pricing strategy
   3. Develop pricing tactics, choose a pricing strategy, examine the pricing environment, determine cost, estimate demand, set pricing objectives
   4. Choose a pricing strategy, develop pricing tactics, examine the pricing environment, set pricing objectives, determine cost, estimate demand
3. The image enhancement function of pricing is particularly important in which types of products?
   1. Low quality products
   2. Products made overseas
   3. Prestige products
   4. None of the above
4. Price elasticity of demand measures what?
   1. The sensitivity of customers to change in price
   2. The change in product quality
   3. The rate at which the price of a product will change
   4. All of the above
5. The Gross Margin Ratio shows?
   1. Shows what percentage of sales revenues is income or profit
   2. Percentage of sales needed for operating expenses
   3. Shows what percentage of all sales are being returned
   4. Shows what percentage of sales revenues is available for operating and other expenses and for profit.
6. The inventory turnover rate is also referred to as
   1. Stockturn rate
   2. Inventory rate
   3. Both A and B
   4. None of the above
7. The most common cost based approach to pricing a product is?
   1. Product pricing approach
   2. Scanning approach
   3. Cost- plus pricing approach
   4. Inventory approach
8. Internal reference price is?
   1. A set price or price range in consumers mind that they refer to in evaluating a products price
   2. The cheapest price the product has ever been
   3. The most expensive price the products has ever been
   4. Referencing a products price based on different retailers
9. Price lining is apart of which aspect of pricing
   1. Internal
   2. Emotional
   3. Psychological
   4. Intellectual
10. In which deceptive pricing practice do retailers advertise an item at a very low price to lure customers into the store?
    1. Loss-leader pricing
    2. Bait-and-switch pricing
    3. Unfair sales act pricing
    4. Misleading pricing
11. A pricing strategy in which the price can easily be adjusted to meet changes in the marketplace is referred to as
    1. B2B pricing
    2. Electronic pricing
    3. Dynamic pricing
    4. All of the above
12. Internet price discrimination is defined as
    1. An internet pricing strategy that changes different prices to different customers for the same product
    2. Different pricing strategies based on demographics
    3. Pricing strategy based on geographical location
    4. None of the above
13. E-commerce that allows shoppers to purchase products through online bidding
    1. Reverse auction
    2. Online auctions
    3. Bid auctions
    4. Pricing propositions
14. Which of the following is an example of freemium pricing?
    1. Downloading skype with all the basic features but having to pay for extra features
    2. Buying an iPhone and getting another one for free
    3. Returning a products and getting a full refund even though the product has been used or damaged
    4. All of the above
15. The most common cost-based approach to pricing a product is
    1. Keystoning
    2. Demand based pricing
    3. Cost plus pricing
    4. Target costing
16. Demand based pricing
    1. Is a price setting method based on estimates of demand at different prices
    2. When retailers double the price of a product
    3. Changing the price depending on how much supply of a product you have
    4. When a firm controls the cost to meet the required price
17. Which of the following is an example of price leadership?
    1. A store that has the best price around
    2. Nike giving away a free pair of headphones with any shoe purchase
    3. Walmart setting the price of toothpaste at $1.00, so Target set their price of toothpaste to $1.00
    4. Car dealerships advertising their black Friday sales
18. EDLP stands for
    1. everyday low pricing
    2. low pricing
    3. a &b
    4. none of the above
19. A pricing strategy in which a firm introduces a new product at a very low price to encourage more customers to purchase it is?
    1. Penetration pricing
    2. Skimming pricing
    3. Trail pricing
    4. Price segmentation
20. Prices that are low enough to appeal to the largest number of consumers is called
    1. Top of the pyramid pricing
    2. Middle of the pyramid pricing
    3. Bottom of the pyramid pricing
    4. Variety pricing